

CITY OF CELESTE, TEXAS
ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2021

**City of Celeste, Texas
Annual Financial Report
Year Ended December 31, 2021**

TABLE OF CONTENTS

	<u>Page</u>
FINANCIAL SECTION	
Independent Auditor's Report.....	5
<u>Required Supplementary Information</u>	
Management's Discussion and Analysis.....	9
<u>Basic Financial Statements</u>	
Government-wide Financial Statements	
Statement of Net Position.....	15
Statement of Activities.....	16
Fund Financial Statements	
Balance Sheet – Governmental Funds.....	17
Statement of Revenues, Expenditures, and Changes In Fund Balances – Governmental Funds.....	18
Reconciliation of the Statement of Revenues, Expenditures And Changes in Fund Balances of Governmental Funds To the Statement of Activities.....	19
Statement of Fund Net Position – Proprietary Fund.....	20
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Fund.....	21
Statement of Cash Flows – Proprietary Fund.....	22
Notes to Financial Statements.....	24
<u>Required Supplementary Information</u>	
Budgetary Comparison Schedule – General Fund.....	47
Schedule of Changes in Net Pension Liability and Related Ratios.....	48
Schedule of Contributions.....	49
Schedule of Changes in Total OPEB Liability and Related Ratios.....	50

**City of Celeste, Texas
Annual Financial Report
Year Ended December 31, 2021**

TABLE OF CONTENTS

	<u>Page</u>
<u>Supplementary Schedules (unaudited)</u>	
Schedule of Real Estate Taxes Receivable.....	52
Historical Schedule of Assessed Property Valuation.....	53
Historical Schedule of Property Tax Rates.....	54

FINANCIAL SECTION

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Certified Public Accountants

Independent Auditor's Report

To the City Council
City of Celeste, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Celeste, Texas, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the City of Celeste, Texas, as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Celeste, Texas, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Celeste, Texas' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Celeste, Texas' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Celeste, Texas' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedule, schedule of changes in net pension liability and related ratios, schedule of contributions, and schedule of changes in total OPEB liability and related ratios, on pages 9 through 13 and pages 47 through 50, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Celeste, Texas' basic financial statements. The supplementary schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Scott, Singleton, Fincher and Company, PC

Scott, Singleton, Fincher and Company, PC

Certified Public Accountants

Greenville, Texas

February 13, 2023

REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis

As management for the City of Celeste, we offer readers of the City's financial statements this overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2021. This discussion should be read in conjunction with the financial statements and related notes. Comparative data is also presented for the government-wide financial statements.

FINANCIAL HIGHLIGHTS:

- Government-wide net position reported in the Statement of Activities is \$2,885,129. Of this amount \$2,034,997 is invested in capital assets, leaving \$850,132 of unrestricted net position.
- Government-wide net position decreased by \$18,577 during 2021
- Each of the City's fund financial statements reported changes in equity as follows:

General Fund - \$82,720 increase

Water & Sewer Fund - \$81,679 decrease

USING THIS ANNUAL REPORT:

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities. These provide information about the activities of the City as a whole and present a long-term view of the City's financial condition. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. Governmental fund statements tell how services were financed in the short-term, as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for funding requests and the appropriations from the State. Proprietary fund statements offer short and long-term financial information about the activities the government operates like businesses, such as the water and sewer system. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

The notes to the financial statements provide narrative explanations or additional data needed for full disclosures for the government-wide statements and the fund financial statements.

REPORTING THE CITY AS A WHOLE-GOVERNMENT-WIDE FINANCIAL STATEMENTS:

The Statement of Net Position and the Statement of Activities

Government-wide financial statements provide an analysis of the City's overall financial condition and operations. The primary objective of these statements is to show whether the City's financial condition has improved or deteriorated as a result of the year's activities.

The Statement of Net Position includes all the City's assets and liabilities while the Statement of Activities includes all the revenue and expenses generated by the City's operations during the year. Government-wide statements utilize the accrual basis of accounting, which is the same method used by most private sector companies.

All of the current year's revenue and expenses are taken into account regardless of when cash is received or paid. The City's revenue is divided into the following categories: 1) charges for services, 2) operating grants and contributions, 3) capital grants and contributions and 4) general revenues not associated with any specific program function. All of the City's assets are reported whether they serve the current year or future years. Liabilities are also reported regardless of whether they must be paid in the current or future years.

These two statements report the City's net position and the changes in them. The City's net position (the difference between assets and liabilities) provides one measure of the City's financial health or financial position. Over time, increases or decreases in the City's net position is one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the City, you should consider non-financial factors as well, such as changes in the City's request for services from citizens and the condition of the City's facilities.

In the Statement of Net Position and the Statement of Activities, the City has two kinds of activities:

Governmental Activities – Most of the City's services are reported here, including, administration, judicial, public safety, fire protection, sanitation, public works, and parks and recreation services. Property taxes, sales taxes, and franchise taxes finance most of these activities.

Business-type Activities – The City charges fees to customers to help it cover the cost of certain services it provides. The City's water and sewer system operations are reported here.

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS:

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds. The City's administration establishes funds to help it control and manage money for particular purposes. The City's two kinds of funds – governmental and proprietary use different accounting approaches.

Governmental Funds – The City reports most of its basic services in governmental funds. Governmental funds use the modified accrual basis of accounting (a method that measures the receipt and disbursement of cash and other financial assets that can be readily converted to cash) and they report balances that are available for future spending. Governmental fund statements provide a detailed short-term view of the City's general operations and the basic services it provides. We describe the accounting differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation schedules found following each of the governmental fund financial statements.

Proprietary Funds – The Proprietary/Enterprise fund is used to account for operations that are financed in a manner similar to private business enterprises where the costs (expenses, including depreciation) of providing water and sewer services to the general public on a continuing basis are financed through user charges.

GOVERNMENT-WIDE FINANCIAL ANALYSIS:

Net position serves as one useful indicator of a government's financial position. In the case of the City, the combined net position exceeded liabilities by \$2,885,129 at the close of FY 2021.

City of Celeste, Texas Comparative Statements of Net Position

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Assets:						
Current and other assets	\$ 934,306	\$ 862,821	\$ 125,548	\$ 133,412	\$ 1,059,854	\$ 996,233
Capital assets, net	362,092	386,415	1,672,905	1,641,806	2,034,997	2,028,221
Total assets	1,296,398	1,249,236	1,798,453	1,775,218	3,094,851	3,024,454
Deferred outflows of resources:						
Deferred outflows of resources	8,163	13,025	3,842	6,129	12,005	19,154
Total deferred outflows of resources	8,163	13,025	3,842	6,129	12,005	19,154
Liabilities:						
Other liabilities	\$ 46,570	\$ 67,046	\$ 169,852	\$ 67,072	\$ 216,422	\$ 134,118
Long-term debt	-	-	-	-	-	-
Total liabilities	46,570	67,046	169,852	67,072	216,422	134,118
Deferred inflows of resources:						
Deferred inflows of resources	3,607	3,933	1,698	1,851	5,305	5,784
Total deferred inflows of resources	3,607	3,933	1,698	1,851	5,305	5,784
Net Position:						
Net investment in capital assets	362,092	386,415	1,672,905	1,641,806	2,034,997	2,028,221
Unrestricted	892,292	804,867	(42,160)	70,618	850,132	875,485
Total net position	\$ 1,254,384	\$ 1,191,282	\$ 1,630,745	\$ 1,712,424	\$ 2,885,129	\$ 2,903,706

City of Celeste, Texas
Comparative Statements of Activities

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Program revenues:						
Charges for services	\$ 186,793	\$ 187,757	\$ 308,800	\$ 289,511	\$ 495,593	\$ 477,268
Capital grants/contributions	-	-	-	153,546	-	153,546
General revenues:						
Ad valorem taxes	199,656	188,701			199,656	188,701
Sales taxes	94,740	85,237			94,740	85,237
Franchise taxes and fees	47,230	40,453			47,230	40,453
Other	16,956	24,098	40	297	16,996	24,395
Total revenues	545,375	526,246	308,840	443,354	854,215	969,600
Expenses:						
Administration	139,378	109,737			139,378	109,737
Judicial	6,201	4,537			6,201	4,537
Public Safety	109,639	112,687			109,639	112,687
Sanitation	81,308	75,380			81,308	75,380
Public Works	99,733	171,367			99,733	171,367
Parks and Recreation	17,311	16,401			17,311	16,401
Water and Sewer services			419,222	355,309	419,222	355,309
Total Expenses	453,570	490,109	419,222	355,309	872,792	845,418
Excess (deficiency) before transfers	91,805	36,137	(110,382)	88,045	(18,577)	124,182
Capital contribution	-	-	-	-	-	-
Transfers	(28,703)	388	28,703	(388)	-	-
Change in Net Position	63,102	36,525	(81,679)	87,657	(18,577)	124,182
Net position, beginning of year	1,191,282	1,154,757	1,712,424	1,624,767	2,903,706	2,779,524
Prior period adjustment	-	-	-	-	-	-
Net position, end of year	\$ 1,254,384	\$ 1,191,282	\$ 1,630,745	\$ 1,712,424	\$ 2,885,129	\$ 2,903,706

FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS:

The combined net position of the City's activities decreased from \$2,903,706 to \$2,885,129 or \$(18,577) during 2021. Unrestricted net position or the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements was \$850,132.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS:

As the City completed the year, its governmental fund \$854,000 and proprietary fund \$1,630,745 reported combined fund balance and net position of \$2,484,745, a \$1,041 increase from last year.

GENERAL FUND BUDGETARY HIGHLIGHTS:

There was one minor change in the budgets to increase the amount allocated to Public Works by \$2,400. Details of the budget are presented in the budgetary comparison schedule presented as required supplementary information.

CAPITAL ASSETS AND DEBT ADMINISTRATION:

Capital Assets – the City's investment in capital assets reported in governmental activities and business-type activities was \$362,092 and \$1,672,905, respectively. This investment in capital assets includes land, construction in progress, buildings and improvements, equipment and vehicles. The change in the City's net investment in capital assets for the current fiscal year was a decrease of \$24,323 and an increase of \$31,099 in each of the respective activities. Additional information on the City's capital assets can be found in note 5 of the basic financial statements.

During 2021, the City did not have any outstanding debt.

BUDGETARY HIGHLIGHTS & ECONOMIC FACTORS:

Net property taxable valuation for the City increased from \$32,516,478 in 2020 to \$35,461,800 in 2021. The following is a review of the history of Celeste's assessed value over the past several years:

2012	17,463,495
2013	17,336,871
2014	18,322,300
2015	18,867,895
2016	20,406,918
2017	21,056,909
2018	24,726,787
2019	28,515,109
2020	32,516,478
2021	35,461,800

Sales tax collections increased in 2021, and the City is actively trying to encourage businesses to come to Celeste, which would increase its sales tax revenue. We have also legalized the sale of beer and wine which will generate tax and permit revenue for the City.

Water sales are consistent and provide revenue to maintain and improve the water system as needed along with grants the City receives.

The City is continuing to work with Hunt County on fixing streets when possible.

We are also actively trying to repair water and sewer lines if we have repaired the same area more than 3 times.

The City is also working on a generator project for our water well via an APRA Grant.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT:

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional information, contact the City Secretary at P.O. Box 399 Celeste, Texas 75423 or (903) 568-4512.

BASIC FINANCIAL STATEMENTS

CITY OF CELESTE, TEXAS
STATEMENT OF NET POSITION
December 31, 2021

	Primary Government		
	Governmental	Business-type	Total
	Activities	Activities	
ASSETS			
Cash and cash equivalents	\$ 676,880	\$ 175,897	\$ 852,777
Property taxes receivable, net of allowance of \$12,389	111,863		111,863
Sanitation fees receivable	12,159		12,159
Judicial fees receivable, net of allowance of \$102,281	13,565		13,565
Franchise taxes and fees receivable	7,975		7,975
Sales taxes receivable	18,020		18,020
Accounts receivable, net	-	25,398	25,398
Prepaid expenses	5,369	503	5,872
Internal balances	76,250	(76,250)	-
Due from other governments	12,225		12,225
Capital assets:			
Nondepreciable land	7,600		7,600
Capital assets, net of accumulated depreciation	354,492	1,672,905	2,027,397
Total Assets	1,296,398	1,798,453	3,094,851
Deferred Outflows of Resources			
Deferred outflows - related to pensions	5,671	2,669	8,340
Deferred outflows - related to OPEB	2,492	1,173	3,665
Total Deferred Outflows of Resources	8,163	3,842	12,005
LIABILITIES			
Accounts payable	12,693	13,457	26,150
Accrued salaries and benefits	5,405	2,866	8,271
Due to other governments	12,971		12,971
Unexpended grant revenues		112,371	112,371
Customer deposits payable		33,864	33,864
Long-term liabilities:			
Net pension liability	2,887	1,359	4,246
Total OPEB liability	12,614	5,935	18,549
Total Liabilities	46,570	169,852	216,422
Deferred Inflows of Resources			
Deferred inflows - related to pensions	2,428	1,143	3,571
Deferred inflows - related to OPEB	1,179	555	1,734
Total Deferred Inflows of Resources	3,607	1,698	5,305
NET POSITION			
Investment in capital assets	362,092	1,672,905	2,034,997
Unrestricted	892,292	(42,160)	850,132
Total Net Position	\$ 1,254,384	\$ 1,630,745	\$ 2,885,129

The accompanying notes are an integral part of these financial statements.

CITY OF CELESTE, TEXAS
STATEMENT OF ACTIVITIES
Year Ended December 31, 2021

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals
Governmental activities:							
Administration	\$ 139,378				\$ (139,378)	\$	\$ (139,378)
Judicial	6,201				(6,201)		(6,201)
Public safety	109,639	79,034			(30,605)		(30,605)
Sanitation	81,308	107,759			26,451		26,451
Public Works	99,733				(99,733)		(99,733)
Parks and Recreation	17,311				(17,311)		(17,311)
Total governmental activities	453,570	186,793	-	-	(266,777)		(266,777)
Business-type activities:							
Water and sewer services	419,222	308,800		-		(110,422)	(110,422)
Total business-type activities	419,222	308,800	-	-	-	(110,422)	(110,422)
Total all activities	\$ 872,792	\$ 495,593	\$ -	\$ -	\$ (266,777)	\$ (110,422)	\$ (377,199)
General revenues:							
	Ad valorem taxes				199,656		199,656
	Sales taxes				94,740		94,740
	Franchise taxes and fees				47,230		47,230
	Rents				6,000		6,000
	Miscellaneous income and contributions				10,956	-	10,956
	Unrestricted investment earnings				-	40	40
	Transfers				(28,703)	28,703	-
	Total general revenues				329,879	28,743	358,622
	Change in net position				63,102	(81,679)	(18,577)
	Net position, beginning of year				1,191,282	1,712,424	2,903,706
	Net position, end of year				\$ 1,254,384	\$ 1,630,745	\$ 2,885,129

The accompanying notes are an integral part of these financial statements.

**CITY OF CELESTE, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2021**

	General Fund	Total Governmental Funds
<u>ASSETS</u>		
Cash and cash equivalents	\$ 676,880	\$ 676,880
Property taxes receivable, net of allowance of \$11,247	111,863	111,863
Sanitation fees receivable	12,159	12,159
Judicial fees receivable, net of allowance of \$72,356	13,565	13,565
Franchise taxes and fees receivable	7,975	7,975
Sales taxes receivable	18,020	18,020
Prepaid expenses	5,369	5,369
Advance to other funds	76,250	76,250
Due from other governments	12,225	12,225
Total Assets	\$ 934,306	\$ 934,306
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u>		
<u>LIABILITIES</u>		
Accounts payable	12,693	12,693
Accrued salaries and benefits	5,405	5,405
Due to other governments	12,971	12,971
Total Liabilities	31,069	31,069
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Unavailable revenue - property tax	42,409	42,409
Unavailable revenue - criminal fees	6,828	6,828
Total Deferred Inflows of Resources	49,237	49,237
<u>FUND BALANCES</u>		
Nonspendable:		
Prepaid items	5,369	5,369
Long-term advance to other funds	76,250	76,250.00
Unassigned	772,381	772,381
Total Fund Balances	854,000	854,000
Total Liabilities, Deferred Inflows of Resources, And Fund Balances	\$ 934,306	\$ 934,306
Governmental fund balances as presented above:		854,000
Amounts presented for governmental activities in the statement of net position are different because:		
Capital assets reported in the statement of net position are not financial resources and are not reported in the fund balance sheet.		362,092
Other long-term assets (receivables) are not available to pay current-period expenditures and, therefore, are deferred in the funds. These included deferred property taxes in the amount of \$42,409 and deferred judicial fines of \$6,828		49,237
Long term liabilities for the net pension liability (\$2,887) and deferred outflows \$5,671 and deferred inflows (\$2,428) related to pensions are not recorded in the funds.		356
Long term liabilities for the total OPEB liability (\$12,614) and deferred outflows \$2,492 and deferred inflows (\$1,179) related to OPEB are not recorded in the funds.		(11,301)
Net Position of Governmental Activities		\$ 1,254,384

The accompanying notes are an integral part of these financial statements.

CITY OF CELESTE, TEXAS
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2021

	General Fund	Totals Governmental Funds
REVENUES:		
Ad valorem taxes and related penalties and interest	192,289	\$ 192,289
Franchise taxes and fees	47,230	47,230
Sales taxes	94,740	94,740
Sanitation services	107,759	107,759
Judicial fees and fines	83,850	83,850
Rents	6,000	6,000
Miscellaneous	10,956	10,956
Total Revenues	542,824	542,824
EXPENDITURES:		
Current:		
Administration	135,805	135,805
Judicial	6,201	6,201
Public safety	102,668	102,668
Sanitation	81,308	81,308
Public works	75,389	75,389
Parks and recreation	2,810	2,810
Capital outlay	27,220	27,220
Total Expenditures	431,401	431,401
Excess of Revenues Over Expenditures	111,423	111,423
OTHER FINANCING SOURCES (USES):		
Operating transfers in (out)	(28,703)	(28,703)
Proceeds from sale of capital assets	-	-
Net Other Financing Sources (Uses)	(28,703)	(28,703)
Net change in fund balance	82,720	82,720
Fund balance, beginning of year	771,280	771,280
Fund balance, end of year	\$ 854,000	\$ 854,000

The accompanying notes are an integral part of these financial statements.

CITY OF CELESTE, TEXAS
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended December 31, 2021

Net change in fund balances - total governmental funds **\$ 82,720**

**Amounts reported for governmental activities in the statement of net position
are different because:**

Governmental funds report capital outlays as expenditures, while in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay of \$27,220 was less than depreciation expense of (\$51,543) in the current period. (24,323)

In the statement of activities, the gain or loss on the disposal of assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. The change in net position differs from the change in fund balance by the net book value of the assets disposed. -

Changes in long term amounts for net pension liabilities \$9,602; the related deferred inflows of resources (\$650), and the related deferred outflows of resources \$(4,459) are not recorded in the funds. 4,493

Changes in long term amounts for total OPEB liabilities \$(2,912); the related deferred inflows of resources \$976, and the related deferred outflows of resources \$(403) are not recorded in the funds. (2,339)

Revenues in the statement of activities that do not provide current resources are not reported as revenues in the funds. This includes the change in unavailable deferred ad valorem taxes of \$7,367 and deferred judicial fines of \$(4,816). 2,551

Change in net position - governmental activities **\$ 63,102**

The accompanying notes are an integral part of these financial statements.

CITY OF CELESTE, TEXAS
STATEMENT OF FUND NET POSITION
PROPRIETARY FUND
December 31, 2021

	<u>Enterprise Fund</u> <u>Water & Sewer</u> <u>Activities</u>
ASSETS	
Current Assets:	
Cash and cash equivalents	175,897
Accounts receivable, net	25,398
Prepaid expenses	503
Total current assets	<u>201,798</u>
Noncurrent Assets:	
Capital assets, net of accumulated depreciation	1,672,905
Total noncurrent assets	<u>1,672,905</u>
Deferred Outflows of Resources:	
Deferred outflows - related to pensions	2,669
Deferred outflows - related to OPEB	1,173
Total Deferred Outflows of Resources	<u>3,842</u>
Total assets and deferred outflows of resources	<u><u>\$ 1,878,545</u></u>
LIABILITIES	
Current Liabilities:	
Accounts payable	13,457
Accrued salaries and benefits	2,866
Unexpended grant revenues	112,371
Total current liabilities	<u>128,694</u>
Noncurrent Liabilities:	
Customer deposits payable	33,864
Advance from other funds	76,250
Net pension liability	1,359
Total OPEB liability	5,935
Total noncurrent liabilities	<u>117,408</u>
Deferred Inflows of Resources:	
Deferred inflows - related to pensions	1,143
Deferred inflows - related to OPEB	555
Total Deferred Inflows of Resources	<u>1,698</u>
Total liabilities and deferred inflows of resources	<u>247,800</u>
NET POSITION	
Investment in capital assets	1,672,905
Unrestricted	(42,160)
Total Net Position	<u><u>\$ 1,630,745</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF CELESTE, TEXAS
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
Year Ended December 31, 2021

	<u>Enterprise Fund</u> <u>Water & Sewer</u> <u>Activities</u>
OPERATING REVENUES:	
Water sales	200,344
Sewer sales	98,791
Service fees	7,687
Other revenues	1,978
Total Operating Revenues	<u>308,800</u>
OPERATING EXPENSES:	
Salaries and related benefits	88,054
Contract labor	50,873
Materials and supplies	54,324
Repairs and maintenance	72,028
Insurance	3,848
Vehicle	4,247
Utilities	25,340
Office	536
Legal and audit	6,475
Lab fees	9,951
Rent	5,500
Other miscellaneous	1,055
Depreciation	96,991
Total Operating Expenses	<u>419,222</u>
Operating Income (Loss)	<u>\$ (110,422)</u>
NONOPERATING REVENUES (EXPENSES):	
Interest income	40
Gain (loss) on disposal of capital assets	-
Interest and fiscal charges	-
Total Nonoperating Revenues (Expenses)	<u>40</u>
Transfers in (out)	28,703
Capital grant	0
Change in net position	<u>(81,679)</u>
Net position, January 1	<u>1,712,424</u>
Net position, December 31	<u><u>\$ 1,630,745</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF CELESTE, TEXAS
Statement of Cash Flows
Proprietary Fund
Year Ended December 31, 2021

	<u>Enterprise Fund</u> <u>Water & Sewer</u> <u>Activities</u>
Cash flows from operating activities:	
Cash received from customers and users	\$ 308,702
Cash received from insurance related items	1,978
Cash paid to suppliers	(186,182)
Cash paid to employees and contract labor	(140,554)
Net cash provided (used) by operating activities	<u>(16,056)</u>
Cash flows from noncapital financing activities:	
Advance from (to) general fund	76,250
Operating transfers (to) from other funds	28,703
Net cash provided (used) for noncapital financing activities	<u>104,953</u>
Cash flows from capital and related financing activities:	
Proceeds from sale of capital assets	-
Acquisition and construction of capital assets	(131,090)
Cash received from capital grants	115,443
Interest paid on debt	-
Net cash provided (used) by capital and related financing activities	<u>(15,647)</u>
Cash flows from investing activities:	
Interest on deposits	40
Net cash provided (used) by investing activities	<u>40</u>
Net increase (decrease) in cash and cash equivalents	73,290
Cash and cash equivalents, January 1	<u>102,607</u>
Cash and cash equivalents, December 31	<u><u>\$ 175,897</u></u>

(Continued)

The accompanying notes are an integral part of these financial statements.

CITY OF CELESTE, TEXAS
Statement of Cash Flows
Proprietary Fund
Year Ended December 31, 2021

Reconciliation of Operating Income to Net Cash Provided (Used)
by Operating Activities

	<u>2021</u>
Operating income (loss)	\$ (110,422)
Adjustments to reconcile net income to net cash provided (used) by operating activities:	
Depreciation	96,991
Change in accounts receivable (net)	1,832
Change in accounts payable	(2,878)
Change in prepaid expenses	-
Change in accrued salaries and benefits	(612)
Change in customer deposits	48
Change in OPEB liability	1,370
Change in deferred inflows - related to OPEB	(459)
Change in deferred outflows - related to OPEB	189
Change in net pension liability	(4,519)
Change in deferred outflows - related to pensions	2,098
Change in deferred inflows - related to pensions	306
	<hr/>
Total Adjustments	94,366
	<hr/>
Net cash provided (used) by operating activities	<u><u>\$ (16,056)</u></u>

The accompanying notes are an integral part of these financial statements.

City of Celeste, Texas
Notes to Financial Statements
December 31, 2021

1. Introduction and Summary of Significant Accounting Policies

The financial statements of the City of Celeste, Texas, collectively identified as the “City,” have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The accounting and reporting framework and the more significant accounting principles and practices of the City are discussed in subsequent sections of this note. The remainder of the notes are organized to provide explanations, including required disclosures, of the City’s financial activities for the year ending December 31, 2021.

(A) Reporting Entity and Related Organizations

The City of Celeste, Texas (The City) is a political subdivision of the State of Texas and a municipal organization organized and existing under the laws of the State of Texas. The City operates under a Mayor-Council form of government and provides the following services as authorized by its charter: General Administration Services, Streets, Water and Sewer, Public Safety, and Sanitation services.

The City Council has the authority to make decisions, appoint administrators and managers, significantly influence operations; and has the primary accountability for fiscal matters. The City is not included in any other governmental “reporting entity” as defined in Section 2100, codification of Governmental Accounting and Financial Reporting Standards.

In evaluating how to define the City, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth in GASB Statements No. 14 and 39. These statements define the reporting entity as the primary government and those component units for which the primary government is financially accountable. In addition, component units may be included in the reporting entity based on the nature and significance of the relationship with the primary government, or based on being closely related or financially integrated with the primary government. Based on these criteria the City does not have any component units at December 31, 2021.

1. Introduction and Summary of Significant Accounting Policies – continued

(B) Government-Wide and Fund Financial Statements

Government-wide financial statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the City as a whole excluding fiduciary activities. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and City general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees, fines and forfeitures, and other charges to users of the City's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets and include fees to developers. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

Fund financial statements

Fund financial statements are provided for governmental and proprietary funds. Major individual governmental funds and enterprise funds are reported in separate columns.

(C) Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The financial statements of the City are prepared in accordance with generally accepted accounting principles (GAAP). The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). Proprietary fund financial statements record revenues when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met.

1. Introduction and Summary of Significant Accounting Policies – continued

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The City considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for general obligation bond and capital lease principal and interest which are reported as expenditures in the year due.

Major revenue sources susceptible to accrual include: sales and use taxes, property taxes, franchise taxes, grant revenues, and investment income. In general, other revenues are recognized when cash is received.

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for the proprietary fund are charges to customers for water and sewer sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as needed.

(D) Fund Types and Major Funds

Governmental Funds

The City reports the following major governmental funds:

General Fund – reports as the primary operating fund of the City. This fund is used to account for all financial resources not reported in other funds.

Proprietary Funds

The City reports the following major enterprise fund:

Water and Sewer Fund – accounts for the operating activities of the City's water and sewer utilities services.

1. Introduction and Summary of Significant Accounting Policies – continued

(E) Assets, Liabilities, Deferred Inflows/Outflows or Resources and Net Position or Equity

Cash and Investments

Outstanding cash and cash equivalents at December 31, 2021, consists principally of interest bearing bank accounts. Unrestricted and restricted cash investments purchased by the City within three months of maturity are considered to be cash equivalents. Investments, when applicable are stated at fair value within the fair value hierarchy established by generally accepted accounting principles.

Inventories and Prepaid Expenses

Inventories consisting of expendable supplies held for consumption in governmental funds are reported using the expenditure method. Under this method, amounts paid for these items are reported as expenditures when purchased. Inventories, when material, are recorded at cost stated on a first-in, first-out basis in the government-wide financial statements.

Prepaid expenses record payments to vendors that benefit future reporting periods and are reported on the consumption basis at cost. Prepaid expenses are similarly reported in government-wide and fund financial statements.

Capital Assets, Depreciation, and Amortization

The City's property, plant, equipment, and infrastructure with useful lives of more than one year are stated at historical cost, or if historical cost is not available, they are stated at estimated historical cost. These assets are comprehensively reported in the government-wide financial statements. The City maintains infrastructure asset records consistent with all other capital assets. Donated assets are stated at acquisition value on the date donated. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date, or the amount at which a liability could be liquidated with the counterparty on the acquisition date. The City generally capitalizes assets with a cost of \$1,000 or more as purchase and construction outlays occur and \$5,000 for road upgrades. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follows:

Buildings	30
Infrastructure	15-20
Leasehold improvements	5
Vehicles	5
Furniture, machinery, and equipment	5-10

The City has not capitalized any interest costs in the carrying value of capital assets.

1. Introduction and Summary of Significant Accounting Policies – continued

Deferred Inflows/Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflows of resources at year-end.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Long-term Debt and Bond Discounts/Premiums

In the government-wide and proprietary financial statements, outstanding debt is reported as liabilities. Bond discounts or premiums and the difference between the reacquisition price and the net carrying value of refunded debt are capitalized and amortized over the terms of the respective bond using a method that approximates the effective interest method.

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Issuance costs are reported as expenditures.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Fund Equity

The City implemented GASB Statement 54 standards for the classification of fund balances in the governmental funds. The fund balances of governmental funds are defined as follows:

Non-spendable – amounts that cannot be spent either because they are in non-spendable form, such as inventory or prepaid items or because they are legally or contractually required to be maintained intact.

1. Introduction and Summary of Significant Accounting Policies – continued

Restricted – amounts that can be spent only for specific purposes because of constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments.

Committed – amounts that can be used only for specific purposes determined by formal action of the City Council. The City Council is the highest level of decision making authority for the City. Commitments may be established, modified, or rescinded only through a formal resolution of the City Council.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but are intended to be used for specific purposes that have been established by the City Council.

Unassigned – all other spendable amounts in the general fund.

The City Council delegates the responsibility to assign funds to the Mayor, City Secretary, or other designee as determined by the Council.

When expenditures are incurred for which both restricted and unrestricted fund balance is available the City considers restricted funds to have been spent first. Similarly, committed funds are considered to have been spent first when there is a choice for the use of less restricted funds, then assigned and then unassigned funds.

Compensated Absences

Employees of the City are entitled to paid vacation, and paid sick leave, depending on length of service. The City's policy is to recognize the cost of compensated time off when actually paid to the employee. All employees must use their vacation time by the end of the fiscal year otherwise, it is forfeited. Accordingly, no liability for compensated absences is recorded in the financial statements.

(F) Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City is a participant in the Texas Municipal League (TML) Workers' Compensation Joint Insurance Fund (WC Fund) and the Texas Municipal League Joint Self-Insurance Fund (Property-Liability Fund), a public entity risk pool operated by the Texas Municipal League Board for the benefit of individual governmental units located with Texas. The agreement provides that the trust established by TML will be self-sustaining through member premiums. The City pays annual premiums to TML for worker's compensation, general and auto liability, property damage, employee dishonesty, public official's liability, and law enforcement professional liability coverages. The City does not anticipate any material additional insurance cost assessments as a result of participation in this risk management pool. There were no reductions in insurance coverage from the prior year. Settlements have not exceeded insurance coverage during any of the past three fiscal years.

1. Introduction and Summary of Significant Accounting Policies – continued

(G) Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

2. Stewardship, Compliance, and Accountability

Budgetary Information

The City Mayor and the City Secretary submit an annual budget to the City Council in accordance with the laws of the State of Texas. The budget is presented to the City Council for review, budget workshops are held with the various City department officials, and public hearings are held to address priorities and the allocation of resources. Prior to the beginning of the fiscal year, the City Council adopts the annual fiscal year budgets for all City operating funds. Once approved, the City Council may amend the legally adopted budget when unexpected modifications are required in estimated revenues and appropriations.

Each fund's approved budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by department and class as follows: personnel services and related fringe benefits, supplies, other services and charges, capital outlay, transfers, and debt service. Expenditures may not exceed appropriations at the department level. Within this control level, management may transfer appropriations between line items. Budget revisions and line item transfers are subject to final review by the City Council.

The budget for the operating funds are prepared on the cash and expenditure basis. Revenues are budgeted in the year receipt is expected; and expenditures, which do not include encumbrances, are budgeted in the year that the liability is to be incurred. The General Fund budget and actual required supplementary information is presented on this basis. Unexpended appropriations for annually budgeted funds lapse at fiscal year-end.

3. Deposits and Investments

Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party.

At the end of December 2021, bank deposits of the City of Celeste, Texas, were fully insured by Federal Deposit Insurance Corporation (FDIC) or collateralized by securities held by the City, its agent, or by pledging financial institution's trust department or agent in the name of the City.

3. Deposits and Investments – continued

The City of Celeste, Texas has not formally adopted deposit and investment policies that limit the government's allowable deposits or investments and address the specific types of risk to which the government is exposed.

Investments

As of December 31, 2021, the City had no investments.

Investments Policies

Credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations. City investing is performed in accordance with state statutes.

State statutes generally permit the City to invest in certificates of deposit, fully collateralized repurchase agreements, public funds investment pools, obligations of the United States of America or its agencies, direct obligations of the State of Texas or its agencies, prime domestic bankers acceptances, commercial paper, DEC registered no-load money market mutual funds, other obligations which are unconditionally guaranteed or insured by the State of Texas or the United States or its agencies and instrumentalities, and obligations of states, agencies, countries, cities and other political subdivisions having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than "A" or its equivalent. During the year ended December 31, 2020, the City did not own any types of securities other than those permitted by statute.

4. Receivables, Uncollectible Accounts, and Deferred Inflows of Resources

Enterprise Receivables, Uncollectible Accounts and Deferred Inflows of Resources

Significant receivables include amounts due from customers primarily for utility services. These receivables are due within one year. The Enterprise Fund reports accounts receivable net of an allowance for uncollectible accounts and revenues net of uncollectible amounts. The allowance amount is estimated using accounts receivable past due more than 60 to 90 days. Following is the detail of the Enterprise Fund receivables and the related allowance for uncollectible accounts:

Utility accounts receivable	\$ 31,656
Less: allowance for uncollectible accounts	<u>(6,258)</u>
Net accounts receivable	<u>\$ 25,398</u>

Property Taxes Receivable, Deferred Inflows of Resources and Property Tax Calendar

The City's property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real property located with the City. Appraised values are established by the Hunt County Appraisal District at 100% of market value. As of January 1, 2021, all real property was assessed at a net taxable value of \$35,461,800.

4. Receivables, Uncollectible Accounts, and Deferred Inflows of Resources – continued

The property tax rate for the year ended December 31, 2021 was .576962 per \$100 of the assessed valuation on taxable property. Following is a summary of the overall tax rate as levied by type:

Maintenance and operation-General Fund	<u>.576962</u>
Total tax rate	<u>.576962</u>

The property tax levy for the year ending December 31, 2021 was \$194,414.

In the governmental fund financial statements, property taxes are recorded as receivables in the appropriate fund on the tax levy date with appropriate allowances for estimated uncollectible amounts. At fiscal year-end, property tax receivables represent delinquent taxes. If delinquent taxes are not paid within 60 days of year-end, they are recorded as deferred inflows of resources.

In the government-wide financial statements, property taxes receivable and related revenue include all amounts due the City with appropriate allowances for estimated uncollectible amounts regardless of when cash is received. Over time substantially all property taxes are collected.

The City's full year property tax calendar is as follows:

October 1-Full year tax levy assessed for the current fiscal year taxes are due and payable.

January 1-Tax lien is attached to property to secure the payment of taxes, and penalty and interest as applicable.

February 1-Penalty and interest charges begin to accrue on unpaid past due taxes.

July 1-Taxes become delinquent and are subject to attorney fees incurred for collection.

Allowance for Uncollectible Taxes

The City records an allowance for uncollectible property taxes in order to estimate the amount of taxes that will ultimately prove to be uncollectible. Management has determined that an allowance in the amount of twenty percent (20%) of the total property taxes receivable in the general fund and government-wide financial statements should be adequate to provide for uncollectible property taxes. No provisions are made for uncollectible sales tax receivables or franchise tax receivables as management estimates that these amounts will be fully collectible.

Fines and Court Costs Receivables and Related Allowances

In the governmental fund financial statements, the City records fines and court costs receivable net of amounts estimated to be uncollectible and net of any amounts that would be due to other governmental entities as a result of collection. If fines and court costs are not paid within 60 days of years-end, they are recorded as deferred inflows of resources.

In the government-wide financial statements, the City records fines and court costs receivable net of amounts estimated to be uncollectible and net of any amounts that would be due to other governmental entities as a result of collection. Management has determined the estimate of uncollectible fines and court costs through an analysis of actual amounts collected subsequent to year end. Amounts due to other governmental entities has been determined based on distribution requirements of the State of Texas.

5. Capital Assets

The following is a summary of changes in capital assets for the year:

	Balance Beginning	Additions	Retirements	Transfers	Balance Ending
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 7,600	\$ -	\$ -	\$ -	\$ 7,600
Construction in progress	-	-	-	-	-
Total capital assets, not being depreciated	7,600	-	-	-	7,600
Depreciable capital assets:					
Buildings and improvements	55,078	22,375		-	77,453
Infrastructure	865,354	-		-	865,354
Equipment	115,702	4,845	18,905	-	101,642
Vehicles	84,764	-	13,900		70,864
Total depreciable capital assets	1,120,898	27,220	32,805	-	1,115,313
Less: accumulated depreciation for:					
Building/Improvements	(27,050)	(5,300)	-	-	(32,350)
Infrastructure	(554,325)	(32,404)	-	-	(586,729)
Equipment	(98,802)	(7,607)	18,905	-	(87,504)
Vehicles	(61,906)	(6,232)	13,900	-	(54,238)
Total accumulated depreciation	(742,083)	(51,543)	32,805	-	(760,821)
Depreciable capital assets, net	378,815	(24,323)	-	-	354,492
Governmental activities capital assets, net	\$ 386,415	\$ (24,323)	\$ -	\$ -	\$ 362,092
Business-type Activities:					
Capital assets, not being depreciated:					
Land	\$ -	\$ -	\$ -	\$ -	\$ -
Construction in progress	-	115,720			115,720
Total capital assets, not being depreciated	-	115,720	-	-	115,720
Depreciable capital assets:					
Buildings and improvements	23,858	12,370	-	-	36,228
Infrastructure	3,062,117	-	2,222	-	3,059,895
Furniture and equipment	125,628	-	565	-	125,063
Vehicles	8,975	-	-	-	8,975
Total depreciable capital assets	3,220,578	12,370	2,787	-	3,230,161
Less: accumulated depreciation for:					
Buildings and improvements	(7,138)	(4,842)	-	-	(11,980)
Infrastructure	(1,465,325)	(82,266)	2,222	-	(1,545,369)
Furniture and equipment	(98,798)	(9,151)	565	-	(107,384)
Vehicles	(7,511)	(732)	-	-	(8,243)
Total accumulated depreciation	(1,578,772)	(96,991)	2,787	-	(1,672,976)
Depreciable capital assets, net	1,641,806	(84,621)	-	-	1,557,185
Business-type activities capital assets, net	\$ 1,641,806	\$ 31,099	\$ -	\$ -	\$ 1,672,905

5. Capital Assets – continued

Depreciation expense for governmental activities and business-type activities was charged to functions as follows:

Administration	\$ 4,174
Judicial	-
Public Safety	7,539
Public Works	25,329
Parks and Recreation	14,501
Water and Sewer	96,991
Total	<u>\$ 148,534</u>

6. Long-term Debt

The City did not have any long-term debt during 2021. Following is a summary of changes in other long-term liabilities for the year:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Governmental Activities:					
Net Pension Liability	\$ 12,489	\$ -	\$ 9,602	2,887	\$ -
Total OPEB liability	9,702	2,912	-	12,614	-
Total Governmental activities	\$ 22,191	\$ 2,912	\$ 9,602	\$ 15,501	\$ -
Business-type Activities:					
Net Pension Liability	\$ 5,878	\$ -	\$ 4,519	1,359	\$ -
Total OPEB liability	4,565	1,370	-	5,935	-
Total Business-type activities	\$ 10,443	\$ 1,370	\$ 4,519	\$ 7,294	\$ -

7. Commitments and Contingencies

The City participates in various state and federal grant programs and contracts which are subject to financial and compliance audits by the grantors or their representatives. Audits of these programs for the year ended December 31, 2021 have not been conducted. Accordingly, the City's compliance with applicable grant and contract requirements will be established at some future date. The City expects that costs disallowed by these various awarding agencies, if any, would be minimal.

The City has entered into a contract for garbage collection services with Sanitation Solutions. During fiscal year 2021, the City spent \$81,308 on garbage collection services.

8. Economic Dependence

City operations are funded by taxes and revenues provided by the residents of the City of Celeste, Texas. Accordingly, the City is economically dependent on the property values and local economy of City of Celeste, Texas and the surrounding area.

9. Defined Benefit Pension Plan

Plan Description

The City of Celeste, Texas participates as one of 883 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmr.com. All eligible employees of the City are required to participate in TMRS.

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the city, within the options available in the state statutes governing TMRS. At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows:

Employee deposit rate	5%
Matching ratio (city to employee)	1 to 1
Years required for vesting	5
Service retirement eligibility (expressed as age/years of service)	60/5,0/20
Updated service credit	0%
Annuity increase (to retirees)	0% of CPI

Employees covered by benefit terms

At the December 31, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	1
Inactive employees entitled to but not yet receiving benefits	8
Active employees	<u>5</u>
	<u>14</u>

9. Defined Benefit Pension Plan – continued

Contributions: The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees for the City were required to contribute 5% of their annual gross earnings during the fiscal year. The contribution rates for the City of Celeste, Texas were 5.3% and 8.93% in calendar years 2021 and 2020, respectively. The City's contributions to TMRS for the year ended December 31, 2020, were \$8,340, and were equal to the required contributions.

Net Pension Liability: The City's Net Pension Liability (NPL) was measured as of December 31, 2020, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	2.75% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

9. Defined Benefit Pension Plan – continued

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2021 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global equity	30.00%	5.30%
Core Fixed Income	10.00%	1.25%
Non-Core Fixed Income	20.00%	4.14%
Real Return	10.00%	3.85%
Real Estate	10.00%	4.00%
Absolute Return	10.00%	3.48%
Private Equity	10.00%	7.75%
Total	100.00%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

9. Defined Benefit Pension Plan – continued

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at 12/31/2019	\$ 101,481	\$ 83,114	\$ 18,367
Changes for the year:			
Service cost	13,096		13,096
Interest	7,255		7,255
Change of benefit terms	-		-
Difference between expected and actual experience	(4,944)		(4,944)
Changes of assumptions	-		-
Contributions - employer		14,895	(14,895)
Contributions – employee		8,341	(8,341)
Net investment income		6,336	(6,336)
Benefit payments, including refunds of employee contributions	(1,094)	(1,094)	-
Administrative expense		(41)	41
Other changes		(2)	2
Net changes	\$ 14,313	\$ 28,434	\$ (14,121)
Balance at 12/31/2020	\$ 115,794	\$ 111,548	\$ 4,246

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1 % Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	\$ 18,055	\$ 4,246	\$ (7,399)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmrs.com.

9. Defined Benefit Pension Plan – continued

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2021, the City recognized net pension expense of \$1,727.

At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 1,309
Changes in actuarial assumptions	-	-
Difference between projected and actual investment earnings	-	2,262
Contributions subsequent to the measurement date	8,340	-
Total	<u>\$ 8,340</u>	<u>\$ 3,571</u>

\$8,340 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending December 31, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended Dec 31:	
2022	\$ (2,056)
2023	(85)
2024	(1,284)
2025	(146)
2026	-
Thereafter	-
Total	<u>\$ (3,571)</u>

10. Postemployment Benefits Other Than Pensions (OPEB)

Plan description - The City maintains a single-employer defined benefit group-term life insurance plan known as the TMRS Supplemental Death Benefits Fund (“SDBF”). The plan is administered by the Texas Municipal Retirement System (“TMRS”). This is a voluntary program in which the City elected, by ordinance, to provide group-term life insurance coverage for their active members, including retirees. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e. no assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*).

10. Postemployment Benefits Other Than Pensions (OPEB) - continued

Benefits provided - The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12 month period preceding the month of death). The death benefit for retirees is considered an other postemployment benefit ("OPEB") and is a fixed amount of \$7,500.

Employees Covered by Benefit Terms

At the December 31, 2020 actuarial valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	1
Inactive employees entitled to but not yet receiving benefits	2
Active employees	<u>5</u>
Total	<u><u>8</u></u>

Contributions

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to prefund retiree term life insurance during employees' entire careers.

The City's SDBF contribution rates for all covered employees of the City in calendar years 2020 and 2021 were .46% and .37% respectively. The City's contributions for all covered employees to the TMRS SDBF for the years ended December 31, 2020 and December 31, 2021, were \$767 and \$582, respectively, which equaled the required contributions for each year.

Total OPEB Liability

The City's total OPEB liability (TOL) of \$18,549 was measured as of December 31, 2020 and was determined by an actuarial valuation as of that date.

10. Postemployment Benefits Other Than Pensions (OPEB) – continued

Actuarial Assumptions and other inputs:

The total OPEB liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Inflation	2.5% per year
Salary Increase	3.5% to 11.5% per year, including inflation
Discount Rate	2.00%
Retirees Share of Benefit Costs	\$ none

Salary increases are assumed to occur once a year and are assumed to increase by a graduated service-based scale ranging from 11.50% for employees with one year of service to 3.50% for employees with 25 or more years of service.

Mortality rates for service retirees were based on the 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.

For disabled retirees, mortality rates were based on the 2019 Municipal Retirees of Texas Mortality Tables with a 4 year set forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

The applicable discount rate for an unfunded OPEB plan under GASB No. 75 is based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of the measurement date.

10. Postemployment Benefits Other Than Pensions (OPEB) – continued

Changes in the Total OPEB Liability

	Total Pension Liability
Balance at 12/31/2019	\$ 14,267
Changes for the year:	
Service cost	3,103
Interest on total OPEB liability	433
Change of benefit terms	-
Difference between expected and actual experience	(1,716)
Changes of assumptions	2,595
Benefit payments, including refunds	(133)
Net changes	\$ 4,282
Balance at 12/31/2020	\$ 18,549

*Due to the SBDF being considered an unfunded OPEB plan under GASB Statement No. 75, benefit payments are treated as being equal to the employer's yearly contribution for retirees.

The SDBF does not incur TMRS Administrative Expenses. The City is charged and the administrative expenses are paid through the TMRS Defined Benefit Pension Plan recorded under GASB Statement No. 68.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, calculated using the discount rate of 2.00%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.00%) or 1-percentage-point higher (3.00%) than the current rate:

	1 % Decrease (1.00%)	Discount Rate (2.00%)	1% Increase (3.00%)
Total OPEB liability	\$ 22,881	\$ 18,549	\$ 15,193

10. Postemployment Benefits Other Than Pensions (OPEB) - continued

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2021, the City recognized OPEB expense of \$3,387. At year-end, the City reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,123	\$ 1,267
Changes in assumptions and other inputs	1,960	467
Contributions made subsequent to measurement date	582	-
Total	<u>\$ 3,665</u>	<u>\$ 1,734</u>

\$582 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the year ending December 31, 2022. Other amounts reported as deferred outflows of resources related to OPEB will be recognized in pension expense as follows:

Year ended December 31:	
2022	779
2023	562
2024	8
2025	-
2026	-
Thereafter	
Total	<u>\$ 1,349</u>

11. Balances and Transfers/Payments within the Reporting Entity

Receivables and Payables

Generally, outstanding balances between funds reported as “due to/from other funds” in the governmental fund financial statements include outstanding charges by one fund to another for services of goods, and other miscellaneous receivables/payables between funds. Activity between funds that are representative of lending/borrowing arrangements that are outstanding at the end of the fiscal year are described as “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans).

11. Balances and Transfers/Payments within the Reporting Entity-continued

The following is a summary of advances to/from other funds that are not expected to be repaid within one year:

	Advance to other funds	Advance from other funds
General Fund	\$ 76,250	\$ -
Water and Sewer Fund		76,250
Total	<u>\$ 76,250</u>	<u>\$ 76,250</u>

All amounts due between funds were paid during the year. There were no outstanding balances at year-end.

Transfers and Payments

Transfers and payments within the reporting entity are substantially for the purposes of funding capital projects and asset acquisitions, or maintaining debt service on a routine basis. Resources are accumulated in a fund to support and simplify the administration of various projects or programs.

The government-wide statement of activities eliminates transfers reported within governmental activities. Following is a summary of transfers between funds during 2021.

	Transfers In	Transfers Out
General Fund	\$ -	\$ 28,703
Water and Sewer Fund	28,703	-
Total	<u>\$ 28,703</u>	<u>\$ 28,703</u>

12. Contingencies

In March, 2020, Texas Governor Greg Abbott declared the state of Texas a disaster area as a result of the COVID-19 pandemic. As a result of the health risks associated with this disease, the Texas economy was limited to activity in businesses that were considered essential to the public. The ensuing reduction in economic activity will have a significant effect on private businesses and local governments. The extent of the economic effect on the City cannot be estimated at this time.

13. Subsequent Events

During the fiscal year, the City was made aware of an error in wage calculations related to 2018 by the IRS. The City settled this matter in full subsequent to the fiscal year for amounts immaterial to these financial statements.

14. Generator Project

The City received grant funds in FY21 in the amount of \$112.371 that are unspent at year-end. This amount is reflected in the financial statements as deferred revenue. These funds will be utilized in full to fund a generator project. No formal commitment to fund the generator project has been made as of the report date.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CELESTE, TEXAS
Budgetary Comparison Schedule
General Fund
Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
REVENUES:				
Ad valorem taxes and related penalties and interest	\$ 163,534	\$ 163,534	\$ 192,289	\$ 28,755
Franchise taxes and fees	40,000	40,000	47,230	7,230
Sales taxes	69,000	69,000	94,740	25,740
Sanitation services	95,000	95,000	107,759	12,759
Judicial fees and fines	140,000	140,000	83,850	(56,150)
Rents	6,000	6,000	6,000	-
Miscellaneous	9,548	9,548	10,956	1,408
Total Revenues	523,082	523,082	542,824	19,742
EXPENDITURES:				
Current:				
Administration	143,320	143,320	135,805	7,515
Judicial	52,212	52,212	6,201	46,011
Public safety	130,700	135,300	102,668	32,632
Sanitation	75,000	75,000	81,308	(6,308)
Public works	121,850	114,850	75,389	39,461
Parks and recreation	-	-	2,810	(2,810)
Capital outlay	-	-	27,220	(27,220)
Total Expenditures	523,082	520,682	431,401	89,281
Excess (deficiency) of revenues over (under) expenditures	-	2,400	111,423	109,023
OTHER FINANCING SOURCES (USES):				
Operating transfers in (out)	-	-	(28,703)	(28,703)
Proceeds from sale of capital assets	-	-	-	-
Total Other Financing Sources (Uses)	-	-	(28,703)	(28,703)
Excess (deficiency) of revenues over (under) expenditures and other uses	-	2,400	82,720	80,320
Fund balance, January 1	771,280	771,280	771,280	-
Fund balance, December 31	\$ 771,280	\$ 773,680	\$ 854,000	\$ 80,320

See accountant's report on required supplementary information.

City of Celeste, Texas
Schedule of Changes in Net Pension Liability and Related Ratios
Last 10 Fiscal Years (will ultimately be displayed)

For the Plan Year ending December 31,	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability							
Service cost	\$ 13,096	\$ 8,348	\$ 6,498	\$ 7,628	\$ 8,703	\$ 6,840	\$ 6,329
Interest (on the Total Pension Liability)	7,255	8,620	7,990	7,247	6,781	6,113	6,093
Changes of benefit terms	-	-	-	-	-	-	-
Difference between expected and actual experience	(4,944)	(36,204)	(1,054)	1,092	(1,615)	1,548	(5,891)
Change in assumptions	-	(302)	-	-	-	4,129	-
Benefit payments, including refunds of employee contributions	(1,094)	(5,007)	(5,049)	(3,740)	(9,118)	(3,740)	(9,284)
Net Change in Total Pension Liability	14,313	(24,545)	8,385	12,227	4,751	14,890	(2,753)
Total Pension Liability - Beginning	101,481	126,026	117,641	105,414	100,663	85,773	88,526
Total Pension Liability - Ending	\$ 115,794	\$ 101,481	\$ 126,026	\$ 117,641	\$ 105,414	\$ 100,663	\$ 85,773
Plan Fiduciary Net Position							
Contributions - employer	\$ 14,895	\$ 7,892	\$ 6,047	\$ 7,605	\$ 10,664	\$ 6,495	\$ 2,877
Contributions - employee	8,341	5,192	4,420	5,112	5,905	5,402	2,659
Net investment income	6,335	10,091	(1,846)	6,405	2,453	41	1,724
Benefit payments, including refunds of employee contributions	(1,094)	(5,007)	(5,049)	(3,740)	(9,118)	(3,740)	(9,284)
Administrative expense	(41)	(57)	(36)	(33)	(28)	(25)	(18)
Other	(2)	(2)	(2)	(2)	(1)	(1)	(1)
Net Change in Plan Fiduciary Net Position	28,434	18,109	3,534	15,347	9,875	8,172	(2,043)
Plan Fiduciary Net Position - Beginning	83,114	65,005	61,471	46,124	36,249	28,077	30,120
Plan Fiduciary Net Position - Ending	\$ 111,548	\$ 83,114	\$ 65,005	\$ 61,471	\$ 46,124	\$ 36,249	\$ 28,077
Net Pension Liability - Ending	\$ 4,246	\$ 18,367	\$ 61,021	\$ 56,170	\$ 59,290	\$ 64,414	\$ 57,696
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	96.33%	81.90%	51.58%	52.25%	43.76%	36.01%	32.73%
Covered Employee Payroll	\$ 166,824	\$ 103,836	\$ 88,407	\$ 102,248	\$ 118,094	\$ 108,050	\$ 53,186
Net Pension Liability as a Percentage of Covered Employee Payroll	2.55%	17.69%	69.02%	54.94%	50.21%	59.61%	108.48%

See accountant's report on required supplementary information.

City of Celeste, Texas
Schedule of Contributions
Last 10 Fiscal Years (will ultimately be displayed)

	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 8,340	\$ 14,897	\$ 7,892	\$ 6,047	\$ 7,607	\$ 10,808	\$ 6,652
Contributions in relation to the actuarially determined	8,340	14,897	7,892	6,047	7,607	10,808	6,652
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 157,308	\$ 166,823	\$ 103,836	\$ 88,407	\$ 102,248	\$ 118,093	\$ 108,065
Contributions as a percentage of covered employee payroll	5.30%	8.93%	7.60%	6.84%	7.44%	9.15%	6.16%

Schedule Notes:

Valuation Date:

Notes

Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	13 years
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 11.5% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014-2018.

Mortality

Post-retirement: 2019 Municipal Retirees of Texas mortality tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB 10 mortality tables, with the Public Safety Table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Other Information:

Notes

There were no benefit changes during the year.

City of Celeste, Texas
Schedule of Changes in Total OPEB Liability and Related Ratios
Last 10 Fiscal Years (will ultimately be displayed)

Actuarial Valuation & Measurement Date, December 31,	2020	2019	2018	2017
Total OPEB Liability				
Service cost	\$ 3,103	\$ 1,236	\$ 928	\$ 971
Interest on the total OPEB liability	433	564	401	369
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	(1,716)	(4,758)	2,791	-
Changes in assumptions or other inputs	2,595	2,665	(1,163)	1,060
Benefit payments *	(133)	(31)	(27)	(20)
Net Change in Total OPEB Liability	4,282	(324)	2,930	2,380
Total OPEB Liability - Beginning	14,267	14,591	11,661	9,281
Total OPEB Liability - Ending	\$ 18,549	\$ 14,267	\$ 14,591	\$ 11,661
 Covered Payroll	 \$ 166,824	 \$ 103,836	 \$ 88,407	 \$ 102,248
 Total OPEB Liability as a Percentage of Covered Payroll	 11.12%	 13.74%	 16.50%	 11.40%
 Required contribution	 \$ 582	 \$ 767	 \$ 230	 \$ 204
Actual contribution	582	767	230	204
Difference	\$ -	\$ -	\$ -	\$ -

Schedule Notes:

Plan information:

Single-employer unfunded OPEB plan

There are no assets accumulated in a trust that meets the criteria in GASB Statement No. 75 paragraph 4 to pay related benefits.

Actuarial Valuation & Measurement Date:

December 31

Significant actuarial assumptions used to measure the total OPEB liability:

Inflation

2.50%

Salary Increases

3.50% to 11.5%, including inflation

Discount Rate

2.00% (Based on Fidelity Index's "20-year Municipal GO AA Index" rate as of 12/31/19)

Retirees' Share of Benefit-related Costs

\$0

Administrative expenses

All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.

Mortality - Service Retirees

2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.

Mortality - Disabled Retirees

2019 Municipal Retirees of Texas Mortality Tables with a 4 year setforward for males and a 3 year setforward for females. In addition, a 3.5% and a 3% minimum mortality rate will be applied to reflect impairment for younger members who become disabled. The rates are projected on a fully generational basis with scale UMP.

* Due to the SDBF being considered an unfunded OPEB plan under GASB 75, benefit payments are treated as being equal to the employer's yearly contributions for retirees.

This schedule is presented to illustrate the requirements to show information for 10 years. Future years will be provided as the information becomes available.

SUPPLEMENTARY SCHEDULES
(UNAUDITED)

CITY OF CELESTE, TEXAS
SCHEDULE OF REAL ESTATE TAXES RECEIVABLE
YEAR ENDED DECEMBER 31, 2021 (Unaudited)

Tax Roll Year	Fiscal Year Ended December 31	Outstanding Balance
2021	2021	\$ 96,823
2020	2020	8,220
2019	2019	5,114
2018	2018	2,900
2017	2017	2,208
2016	2016	768
2015	2015	727
2014	2014	1,030
2013	2013	962
2012	2012	723
	2011 and prior	4,777
	Allowance for uncollectible tax	<u>(12,389)</u>
	Real estate taxes receivable, net	<u>\$ 111,863</u>

CITY OF CELESTE, TEXAS
HISTORICAL SCHEDULE OF ASSESSED PROPERTY VALUATION
YEAR ENDED DECEMBER 31, 2021 (Unaudited)

Tax Roll Year	Fiscal Year Ended December 31	Net Taxable Valuation
2021	2021	\$ 35,461,800
2020	2020	32,516,478
2019	2019	28,515,109
2018	2018	24,726,787
2017	2017	21,056,909
2016	2016	20,406,918
2015	2015	18,867,895
2014	2014	18,322,300
2013	2013	17,336,871
2012	2012	17,463,495

CITY OF CELESTE, TEXAS
HISTORICAL SCHEDULE OF PROPERTY TAX RATES
YEAR ENDED DECEMBER 31, 2021 (Unaudited)

Tax Roll Year	Fiscal Year Ended December 31	Tax Rates
2021	2021	0.576962
2020	2020	0.635956
2019	2019	0.685815
2018	2018	0.685815
2017	2017	0.738944
2016	2016	0.711670
2015	2015	0.711670
2014	2014	0.725140
2013	2013	0.730283
2012	2012	0.735141